

**TOWN OF LEEDS**  
**BASIC FINANCIAL STATEMENTS AND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**WITH ACCOUNTANTS' REVIEW REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2005**

# **TOWN OF LEEDS**

## **Table of Contents**

<b>Review Report of Certified Public Accountants</b> .....	<b>1</b>
<b>Managements' Discussion and Analysis</b> .....	<b>2-7</b>
<b>Basic Financial Statements:</b>	
Government Wide Financial Statements:	
Statement of Net Assets .....	8
Statement of Activities .....	9
Government Fund Financial Statements :	
Balance Sheet - Governmental Funds .....	10
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	12
Reconciliation of the Statement of Revenues, Expenditures and changes in Fund Balances of Governmental Funds to the Statement of Activities .....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual General Fund .....	14
Notes to the Financial Statements .....	15 - 31



## Review Report of Certified Public Accountants

The Honorable Mayor and  
Town Council  
Leeds, Utah

We have reviewed the accompanying financial statements of the governmental activities and the remaining fund information of the Town of Leeds as of June 30, 2005, and for the year then ended which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with the Statements on Standards for Accounting and review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Town of Leeds.

A review consists principally of inquiries of Entity personnel and analytical procedures applied to financial data. *It is substantially less in scope* than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management's discussion and analysis and supplementary information are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information or management's discussion and analysis.

*Hafen, Buckner, Everett & Graff PC*

HAFEN, BUCKNER, EVERETT & GRAFF, P.C.  
January 5th, 2005

## **TOWN OF LEEDS**

### **Management's Discussion and Analysis**

The following narrative presents management's discussion and analysis of the financial performance of the Town's general governmental activities during the fiscal year ending 30 June 2005. It should be read in conjunction with the accompanying basic financial statements.

#### **Financial Highlights**

- The governmental assets of the Town exceeded its liabilities at the close of the fiscal year ending June 30, 2005 by \$ 583,923.
- Unrestricted net assets were \$ 159,257 as of June 30, 2005.
- The expenditures in the general fund for FY 2005 were less than the adopted budget by \$ 126,921.
- As of June 30, 2005, the **Town of Leeds'** general fund reported an ending fund balance of \$ 287,464.
- The Town had no general governmental debt at fiscal year end.

#### **Overview of the Financial Statements**

This discussion and analysis serves as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Other supplementary information is included, as necessary, for clarification.

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. These statements include the Statement of Net Assets and the Statement of Activities.

The *Statement of Net Assets* includes all of the Town's assets and liabilities, and the resulting difference between the assets and liabilities, or net assets. Net assets (and the related change in net assets from year to year) are probably the most important financial measurement to enable understanding of the financial position of the Town, and whether financial position improves or deteriorates each year. To assess the overall health of the Town, additional non-financial factors such as changes in the property tax base, the condition of the Town's infrastructure, etc. should be also be considered.

The *Statement of Activities* shows how the Town's net assets changed as a result of its operations during the most recent fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net assets are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is

received or disbursed (the accrual basis of accounting). For example, most revenues are reported when the revenues are legally due, even though they may not be collected for some time after that date; and an obligation to pay a supplier is reported as an expense when the goods or services are received, even though the bill may not be paid until sometime later.

There are two distinct types of activities reflected in the government-wide statements, governmental activities and business-type activities. Governmental activities are those supported primarily by intergovernmental revenues, taxes, and fees for services, while business-type activities are those in which all costs (or at least a significant portion of costs) are intended to be recovered through user fees and charges. The Town's governmental activities include such functions as maintenance of roads, parks, and cemeteries, law enforcement, building inspection, solid waste removal, general government record-keeping, local legislation, and administration.

### **Fund Financial Statements**

As is common with other state or local government entities, the Town of Leeds uses *funds* to account for separate activities and to help demonstrate compliance with financially related legal requirements (such as budgetary compliance). A fund is a set of closely related accounts used to maintain control over financial resources, which have been segregated for specific activities or purposes. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based on the purposes for which the funds are to be spent as well as by how the activities are to be controlled. The three broad categories of funds are: Governmental Funds, Proprietary Funds and Fiduciary Funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Town currently maintains one individual governmental fund:

- 1) **General Fund.** The general fund is the operating fund of the Town. Revenues from intergovernmental sources, fees for services, and all other sources are received into this fund. Expenditures include operation and administrative costs.

## Notes to the Financial Statement

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Leeds. The Town adopts an annual appropriated budget for the governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

## Government-wide Financial Analysis

As previously noted, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the Town of Leeds, assets exceeded liabilities by \$583,923 at the close of the most recent fiscal year.

## Statement of Net Assets

	<u>Governmental Activities</u>	
	<u>6/30/05</u>	<u>6/30/04</u>
Current and other assets	\$ 471,155	\$ 349,238
Capital assets	<u>297,089</u>	<u>274,144</u>
Total assets	768,244	623,382
Long-term debt outstanding	72,818	75,852
Other liabilities	<u>111,503</u>	<u>20,509</u>
Total liabilities	184,321	96,361
Net assets:		
Invested in capital assets, net of debt	287,089	274,144
Restricted	127,577	134,586
Unrestricted	<u>159,257</u>	<u>118,291</u>
Total net assets	<u>\$ 583,923</u>	<u>\$ 527,021</u>

## Changes in Net Assets

	<u>Governmental Activities</u>	
Revenues:	<u>06/30/05</u>	<u>6/30/04</u>
Program Revenues:		
Charges for Services	\$ 106,418	\$ 83,914
Operating Grants & Contributions	36,799	73,495
Capital Grants & Contributions	0	0
General Revenues:		
Property Taxes	42,200	44,482
Sales Tax	45,878	48,608
Other Taxes	3,763	3,649
Investment Earnings	8,378	3,870
Other Revenue	<u>0</u>	<u>5,515</u>
Total Revenue	<u>243,436</u>	<u>263,533</u>

Expenses:

General Government	93,117	88,911
Public Safety	20,632	23,666
Public Works	29,468	66,037
Sanitation	29,330	25,925
Cultural & Recreation	13,142	1,042
Cemetery	845	1,623
Interest on Long Term Debt	-	1,273
Total Expenses	<u>186,534</u>	<u>208,477</u>
Increase in Net Assets	56,902	55,056
Net Asset Beginning of Year	<u>527,021</u>	<u>471,965</u>
Net Assets End of Year	<u>\$ 583,923</u>	<u>527,021</u>

### **Governmental Activities**

#### *Revenue Highlights:*

Total revenues decreased for the year down \$ 20,097 from the prior year, largely due to the decrease in revenues of operating grants and contributions which decreased by \$ 36,696. Each of the other types of revenue increased or decreased during the year. The largest of those was an increase of \$ 22,504 in Charges for Services.

#### *Expense Highlights:*

Total expenses also decreased during the year by \$ 21,943, largely due to public works decrease of \$ 36,569.

Total revenues were sufficient to fund net expenses for fiscal year 2005.

### **Financial Analysis of the City's Funds**

**Governmental Funds:** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

As of June 30, 2005, the City's governmental funds reported combined fund balances of \$ 253,526. This represents an increase of \$ 33,938 or 13 percent. The reserved fund balance decreased by \$7,009 while the unreserved fund balance increased by \$ 40,947.

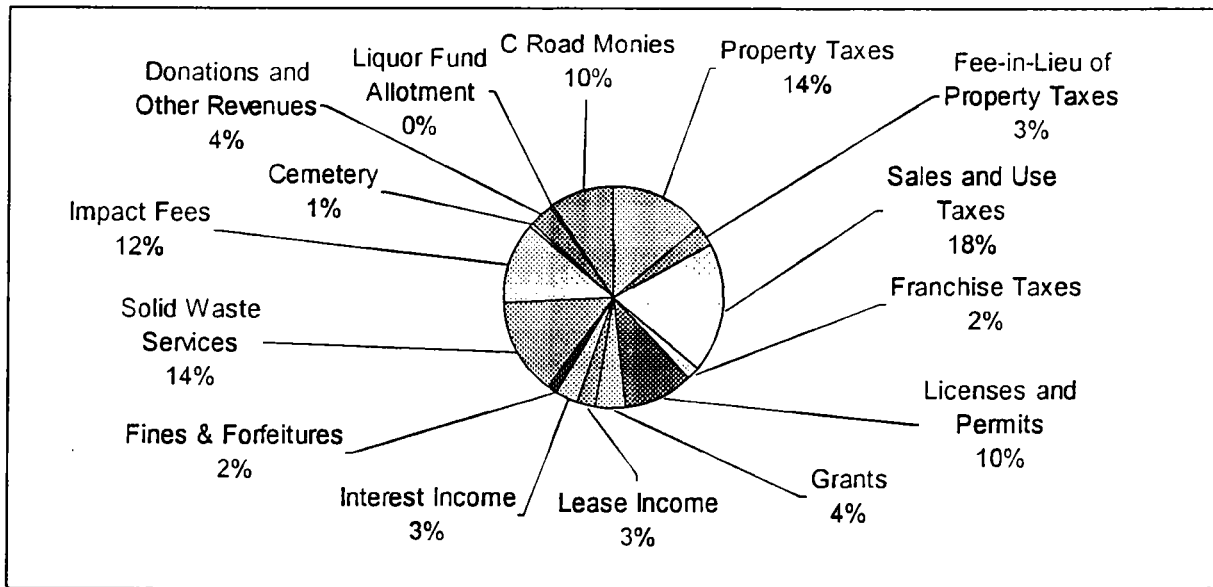
### **General Fund Budgetary Highlights**

The Town Council approved the general fund budget at its regular meeting on 9 June 2004. Significant budget amendments included: (1) approved a **\$10,000** increase in expenditures for tree removal on Babylon Road. (2) approved a **\$21,965** increase in expenditures for improvements on Main Street.

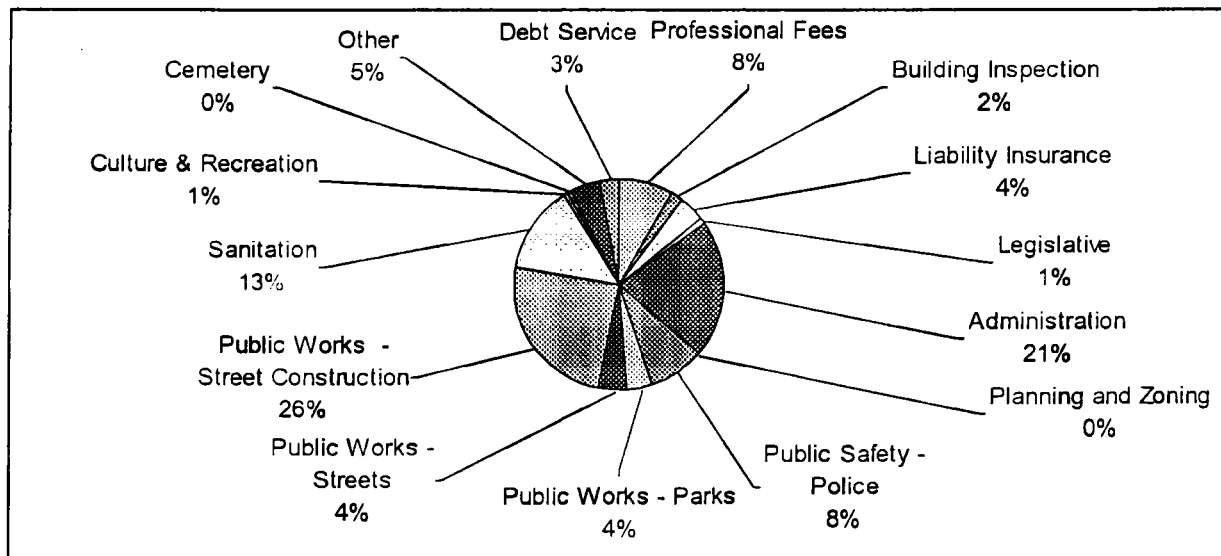
### Summary of Actual to Budgeted Revenues & Expenses

	Original Budget	Amended Budget	Actual (Budgetary Basis)
Total Revenues	\$ 184,531	\$ 188,331	\$ 243,328
Total Expenditures including Capital Outlay	\$ 211,137	\$ 344,552	\$ 217,361
Net Revenue Over Expenditures	<u>\$ (26,606)</u>	<u>\$ (156,221)</u>	<u>\$ 25,967</u>

The following chart depicts the Town's General Fund revenues by source and percentage:



The following chart depicts the Town's General Fund expenditures by general category and percentage:





## Capital Assets and Debt Administration

### **Capital Assets**

The Town's fiscal year 2005 investment in capital assets amounted to \$ 54,265 Fiscal year 2005 additions, subject to capitalization, included street improvements.

### Summary of Net Capital Assets

General Government	\$ 215,310	Parks & Recreation	<u>61,252</u>
Public Works	661,848	Depreciation	668,708
Public Safety	27,386	Total Net	
		Capital Assets	<u>\$ 297,088</u>

### **Long-term Debt**

The Town of Leeds incurred no long-term debt to the general fund during the fiscal year ending 30 June 2005. The Town carries no general governmental debt at the present time. Two pressing issues that could conceivably require debt are the replacement of the shop/storage portion of the Town Office building, and the building of storm drain infrastructure to handle some critical drainage problems.

### Requests for Information

This financial report is designed to provide interested parties with a general overview of the Town's financial status. Questions concerning any of the reports and information contained in this financial audit, or requests for additional financial information, should be addressed to the Town of Leeds, PO Box 460879, Leeds, UT 84746. Complete financial statements for the Town of Leeds may be viewed at the Town Offices located at 218 North Main, Leeds, Utah.

**TOWN OF LEEDS**  
**Statement of Net Assets**  
**June 30, 2005**

	Primary Government Governmental Activities 2005
<b>ASSETS</b>	
Cash	\$ 267,013
Restricted Cash	127,577
Accounts Receivable	1,341
Due From Other Governments	40,347
Lease Receivable	75,224
Capital Assets (Net of Accumulated Depreciation)	
Land	92,006
Buildings	27,274
Other Improvements	92,215
Furniture & Equipment	31,554
Infrastructure	54,040
<b>TOTAL ASSETS</b>	<b>808,591</b>
<b>LIABILITIES</b>	
Accounts Payable	5,955
Accrued Liabilities	2,512
Deferred Revenue	40,347
Bond Interest Payable	630
Bid Bond Payable	100,000
Revenue Bonds Payable - Due within one year	2,406
Revenue Bonds Payable - Due in more than one year	72,818
<b>TOTAL LIABILITIES</b>	<b>224,668</b>
<b>NET ASSETS</b>	
Investment in capital assets, net of related debt	297,089
Restricted for : Impact Fees, B&C Road etc.	127,577
Unrestricted	159,257
<b>TOTAL NET ASSETS</b>	<b>\$ 583,923</b>

See Accountants' Review Report and Notes to the Financial Statements

**TOWN OF LEEDS**  
**Statement of Activities**  
**For the Year Ended June 30, 2005**

Function/Programs	Program Revenues			Net (Expense) Rev & Chgs in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary Government						
Governmental Activities:						
General Government	93,117	40,890	10,315	(41,912)	-	(41,912)
Public Safety	20,632	10,500	2,500	(7,632)	-	(7,632)
Public Works	29,468	-	23,292	(6,176)	-	(6,176)
Sanitation	29,330	34,908	-	5,578	-	5,578
Parks & Recreation	13,142	18,700	692	6,250	-	6,250
Cemetery	845	1,420	-	575	-	575
Interest on Long-term Debt				-	-	-
Total Governmental Activities	186,534	106,418	36,799	(43,317)	-	(43,317)

Business-type Activities:

None	-	-	-	-	-	-
Total Business-type Activities	-	-	-	-	-	-
Total Primary Government	186,534	106,418	36,799	(43,317)	-	(43,317)

General Revenues:

Property Taxes	42,200					42,200
Sales Taxes	45,878					45,878
Franchise Taxes	3,763					3,763
Grants and contributions not restricted to specific programs	-					-
Unrestricted Investment Earnings	8,378					8,378
Miscellaneous	-					-
Transfers	-					-
Total General Revenues and Transfers	100,219					100,219
Change in Net Assets	56,902					56,902
Net assets - Beginning	527,021					527,021
Net assets - Ending	583,923					583,923

See Accountants Review Report Notes to the Financial Statements

**TOWN OF LEEDS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2005

	2005	
	General Fund	Total Governmental Funds
<b>ASSETS AND OTHER DEBITS</b>		
Cash (Note 2)	\$ 267,013	\$ 267,013
Restricted Cash (Notes 2 & 6)	127,577	127,577
Accounts Receivable	1,341	1,341
Due From Other Governments	-	-
Net Investment in Capital Lease (Note 3)	75,224	75,224
Land (Note 4)		
Historical Sites		
Buildings and Improvements (Note 4)		
Furniture & Equipment (Note 4)		
Other Assets		
Amount to be Provided for Retirement of General Long-Term Debt		
<b>TOTAL ASSETS</b>	<u>\$ 471,155</u>	<u>\$ 471,155</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>		
Liabilities:		
Accounts Payable	\$ 5,955	\$ 5,955
Accrued Liabilities	2,512	2,512
Due to Other Funds	-	-
Deferred Revenue (Note 3)	75,224	75,224
Bid Bond Payable	100,000	100,000
Total Liabilities	183,691	183,691
Fund Equity and Other Credits:		
Investment in General Fixed Assets	0	0
Fund Balances:		
Reserved (Note 6)	127,577	127,577
Unreserved:		
Designated for Subsequent Year		
Undesignated	159,887	159,887
Total Fund Equity	287,464	287,464
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<u>\$ 471,155</u>	<u>\$ 471,155</u>
Capital assets used in governmental activities in the statements of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		296,459
Total Net Assets		<u>583,923</u>

See Accountants' Review Report and Notes to the Financial Statements

**TOWN OF LEEDS**  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2005

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Total fund balances - governmental fund types:	\$ 287,464
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	297,089
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(75,854)
Deferred Revenue balances from prior periods	75,224
Internal service funds are used by management to charge the costs of information systems to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	-
Net assets of government activities	<u>\$ 583,923</u>

See Accountants' Review Report and Notes to the Financial Statements

TOWN OF LEEDS  
Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Fund Types  
Year ended June 30, 2005

	General	Non-major Governmental Funds
<b>REVENUES</b>		
Property Taxes	\$ 34,643	\$ -
Fee-in-Lieu of Property Taxes	7,557	-
Sales and Use Taxes	45,878	-
Franchise Taxes	3,763	-
Licenses and Permits	25,243	-
Grants	10,315	-
Lease Income	6,181	-
Interest Income	8,378	-
Fines & Forfeitures	3,664	-
Solid Waste Services	34,908	-
Impact Fees	29,200	-
Cemetery	1,420	-
Donations and Other Revenues	8,683	-
Sale of Assets	-	-
Liquor Fund Allotment	203	-
C Road Monies	23,292	-
Total Revenues	<u>243,328</u>	<u>-</u>
<b>EXPENDITURES</b>		
General Government		
Professional Fees	18,041	-
Building Inspection	4,118	-
Elections	-	-
Liability Insurance	9,538	-
Legislative	1,438	-
Administration	46,157	-
Planning and Zoning	62	-
Total General Government	<u>79,353</u>	<u>-</u>
Public Safety - Police	17,893	-
Public Safety - Police Capital Outlay	-	-
Public Works - Parks	8,684	-
Public Works - Parks Construction	-	-
Public Works - Streets	8,500	-
Public Works - Street Construction	54,265	-
Sanitation	29,330	-
Culture & Recreation	1,994	-
Cemetery	845	-
Other	10,315	-
Capital Outlay	-	-
Debt Service	6,181	-
Total Expenditures	<u>217,361</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	25,967	-
Other Financing Sources (Uses):		
Prior Period Adjustment	-	-
Proceeds from Bond Issue	-	-
Operating Transfers In (Out)	<u>900</u>	<u>(900)</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	26,867	(900)
Fund Balance - Beginning of Year	<u>253,526</u>	<u>900</u>
FUND BALANCE - END OF YEAR	<u>\$ 280,393</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF LEEDS**  
Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Net Assets  
June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in fund balances - total governmental funds	25,967
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	22,945
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Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Assets. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Assets:

Bonds issued	-
Capital lease proceeds	-
Payment of Bond Principal	
Capital lease payments	6,181

Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available.	1,809
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Expenditures are recognized in the governmental funds when paid or due for items not normally paid with available financial resources and interest on long term debt. However, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances:

Compensated Absences	-
Accrued Interest on Bonds Payable	-

Change of net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">56,902</div>
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See Accountants' Review Report and Notes to the Financial Statements

TOWN OF LEEDS  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General Fund  
Year ended June 30, 2005

	Original Budget	General Fund Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ 30,000	\$ 33,800	\$ 34,643	\$ 843
Fee-in-Lieu of Property Taxes	8,000	8,000	7,557	(443)
Sales and Use Taxes	42,000	42,000	45,878	3,878
Franchise Taxes	3,000	3,000	3,763	763
Licenses and Permits	13,800	13,800	25,243	11,443
Grants			10,315	10,315
Lease Income	6,181	6,181	6,181	-
Interest Income	2,500	2,500	8,378	5,878
Fines & Forfeitures	2,000	2,000	3,664	1,664
Solid Waste Services	32,000	32,000	34,908	2,908
Impact Fees	14,000	14,000	29,200	15,200
Cemetery	900	900	1,420	520
Donations and Other Revenues	2,050	2,050	8,683	6,633
Sale of Assets			-	-
Liquor Fund Allotment	100	100	203	103
C Road Monies	28,000	28,000	23,292	(4,708)
Total Revenues	<u>184,531</u>	<u>188,331</u>	<u>243,328</u>	<u>54,997</u>
<b>EXPENDITURES</b>				
General Government				
Professional Fees	28,700	28,700	18,041	10,659
Building Inspection			4,118	(4,118)
Elections			-	-
Liability Insurance	10,000	10,000	9,538	462
Legislative	1,200	1,500	1,438	62
Administration	57,750	57,750	46,157	11,593
Planning and Zoning			62	(62)
Total General Government	<u>97,650</u>	<u>97,950</u>	<u>79,354</u>	<u>18,596</u>
Public Safety - Police	18,106	20,606	17,893	2,713
Public Safety - Police Capital Outlay			-	-
Public Works - Parks	20,900	20,900	8,684	12,216
Public Works - Park Construction			-	-
Public Works - Streets	7,300	7,300	8,500	(1,200)
Public works - Street Construction	30,000	61,965	54,265	7,700
Sanitation	27,000	27,000	29,330	(2,330)
Culture & Recreation	2,000	2,700	1,994	706
Cemetery	2,000	2,000	845	1,155
Other		-	10,315	(10,315)
Capital Outlay			-	-
Debt Service	6,181	6,181	6,181	-
Total Expenditures	<u>211,137</u>	<u>344,552</u>	<u>217,361</u>	<u>29,241</u>
Excess of Revenues Over (Under) Expenditures	(26,606)	(156,221)	25,967	84,238
Other Financing Sources (Uses):				
Prior Period Adjustmet	-	-	-	-
Proceeds from Bond Issue	-	-	-	-
Operating Transfers In (Out)		-	900	900
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(26,606)	(156,221)	26,867	85,138
Fund Balance - Beginning of Year	<u>253,526</u>	<u>253,526</u>	<u>253,526</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 226,920</u>	<u>\$ 97,305</u>	<u>\$ 280,393</u>	<u>\$ 85,138</u>

The accompanying notes are an integral part of the financial statements.



Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Leeds(The Town) is incorporated under the laws of the State of Utah and operates within the classification of a third class Town. The Town has a governing body consisting of a mayor and five council members and provides the following services as authorized by its charter: public safety, public works, culture, recreation and community development.

The financial statements of the Town have been prepared to conform with generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the Town are described below.

**A. Reporting Entity**

The Town applies the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The Town has no component units included within its reporting entity.

**B. Implementation of New Accounting Standards**  
**Governmental Accounting Standards Board Statement No. 34**

For the fiscal year ended June 30, 2005, the Town implemented GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (GASB 34). This statement affects the manner in which the Town records transactions and presents financial information.

State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB 34 establishes new requirements and a new reporting model, much like private-sector financial reports, for the annual financial reports of state and local governments. The new format was developed to make annual reports of state and local governments easier to understand and more useful to users of governmental financial information.

Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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**Management's Discussion and Analysis**—GASB 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the Town's financial activities in the form of management's discussion and analysis (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

**Government-Wide Financial Statements** The reporting model includes financial statements prepared using full accrual accounting for all the Town's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government-wide financial statements include the following:

**Statement of Net Assets** The statement of net assets is designed to display the financial position of the Primary Government (governmental and business-type activities). The Town reports capital assets in the government-wide statement of net assets and reports depreciation expense—the cost of "using up" capital assets—in the statement of activities. The net assets of the Town are broken down into three categories—1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

**Statement of Activities**—The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the Town's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the Town has recorded capital assets and certain other long-term assets and liabilities in the statement of net assets and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. Implementation of GASB 34 has had a significant impact on the Town's financial statements for the year ended June 30, 2005.

#### **Governmental Accounting Standards Board Statement No. 37**

For the fiscal year ended June 30, 2005, the Town implemented GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* (GASB 37). This statement amends GASB 34 to either: 1) clarify certain provisions, or 2) modify other provisions that GASB believes may have unintended consequences in some circumstances. Accordingly, the Town considered the effects of this statement when implementing the provisions of GASB 34, as previously described.

#### **Governmental Accounting Standards Board Statement No. 38**

The Town adopted the provisions of GASB No. 38, *Certain Financial Statement Note Disclosures* (GASB 38). This statement modifies, establishes, and rescinds certain financial statement disclosure requirements. Accordingly, certain footnote disclosures have been revised to conform to the provi-

Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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sions of GASB 38.

### **Governmental Accounting Standards Board Interpretation No. 6**

For the fiscal year ended June 30, 2005, the Town implemented GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements*. This interpretation clarifies the application standards for modified accrual recognition of certain liabilities and in areas where differences have arisen, or could arise, in interpretation and practice. This interpretation affects the fund level financial statements (governmental funds only, not proprietary or fiduciary funds) required by GASB 34, but has no direct effect on the government-wide financial statements. Accordingly, the Town has not recognized the current portion of certain long-term liabilities and related expenditures in the governmental funds financial statements for amounts not considered to be due and payable as of June 30, 2005. The Town also considered the effects of this interpretation when implementing the provisions of GASB 34 as previously described.

### **C. BASIC FINANCIAL STATEMENTS**

Basic financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the basic financial statements.

The government-wide financial statements consist of the statement of net assets and the statement of activities and report information on all of the nonfiduciary activities of the Primary Government audits component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net assets have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. In the statement of activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. Exceptions to this general rule are charges between the Town's Water Fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and

Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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charges (business-type activities). The governmental activities of the Town include general government, public safety (police), public improvements, parks & recreation and cemetery.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated based on the annual cost allocation plan. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions, including special assessments, that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town in general considers revenues available if they are collected within 180 days after year-end, except for property taxes, which the Town considers available if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when payment is due.

For the governmental funds financial statements, the Town considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services, and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue in the current

Town of Leeds  
Notes to Financial Statements  
June 30, 2005

---

fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met.

The accounts of the Town are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the Town except those required to be accounted for in other specialized funds.

The Town currently has no proprietary funds.

Internal Service Funds account for vehicle operations, risk management, and information technology and communications operations that provide services to other departments of the Town on a cost-reimbursement basis. The Town has no internal service funds.

Fiduciary Funds, which consist solely of Agency funds, account for assets held by the Town as a trustee or as an agent for individuals or other government units. The only fiduciary fund type used by the Town is the Agency Fund type. Agency funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the Town in an agency capacity for the Town by the Town for individuals or other governmental units. The Town has no Agency Funds.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first and the unrestricted resources as they are needed.

Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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**E. ASSETS, LIABILITIES, NET ASSETS OR FUND EQUITY**

**Cash and Investments**

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the Town pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the Town's cash and investment pool. As the Town places no restrictions on the deposit or withdrawal of its equity from the pool by a particular fund, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on quarter-end balances and is adjusted at year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

The Town's investments are carried at fair value, except for certain short-term money market investments, which approximate fair value. The fair value of the Town's share of the Utah Public Treasurers Investment Fund (PTIF) is reported to the Town on a quarterly basis. PTIF operates in accordance with laws and regulations of the State of Utah. The reported value of the pool is the same as the fair value of pool shares. Changes in fair value are allocated to each participating fund on an annual basis.

For purposes of the statement of cash flows, the Town has defined cash and cash equivalents to be change and petty cash funds, equity in the Town's cash and investment pool, and restricted, non-pooled investments with initial maturities of three months or less.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as *interfund receivables/interfund payables*, i.e., the current portion of interfund loans, or *advances to/from other funds*, the noncurrent portion of interfund loans. All other outstanding balances between funds are reported as *interfund receivables/interfund payables*. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as *internal balances*.

Advances between funds, as reported in the fund financial statements, are offset by a reservation of fund balance in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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All trade receivables are shown net of an allowance for uncollectible accounts and estimated refunds due. As of June 30, 2005 and 2004, management believed all amounts to be collectable and therefore no allowance for uncollectable accounts has been provided.

### **Property Taxes**

The property taxes of the Town of Leeds are levied, collected and distributed by Washington County as required by Utah State law. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 and complete the tax rolls by May 22. By July 22, the county auditor is to mail notices of assessed value and tax changes to property owners. A taxpayer may then petition the county board of equalization between August 8 and August 22 for a revision of the assessed value. Approved changes in assessed value are made by the county auditor by November 1, who also delivers the completed assessment rolls to the county treasurer on that same date. Tax notices have a due date November 30.

### **Restricted Assets**

Certain resources including B & C Road funds, cemetery funds, safety and park impact fees along with Liquor Law Enforcement funds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or by state statute or other restriction.

In the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, these bond monies may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the Town's general investment policy. In no instance have additional types of investments been authorized that are not permitted by the Town's general investment policy.

### **Capital Assets**

Capital assets, which include land, buildings, and improvements, equipment, and infrastructure assets (e.g., roads, sidewalks, street lights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are

Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the year ended June 30, 2005.

Capital assets of the Town are depreciated using a straight-line method over the following estimated useful lives as follows:

Infrastructure (Roads)	20 years
Vehicles & Equipment	3 - 10 years
Buildings & Park Pavilion	40 years
Improvements	15 - 20 years

As a result of the implementation of GASB 34, the Town is for the first time accounting for infrastructure assets on its financial statements. The government-wide financial statements include those infra-structure assets that were either completed during the current fiscal year or considered construction in progress at current fiscal year-end.

#### **Lease Obligations**

The Town leases various assets under operating lease agreements. In the government-wide and proprietary funds financial statements, capital leases and the related lease obligations are reported as liabilities in the applicable governmental activities or proprietary funds statement of net assets.



Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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### **Compensated Absences**

It is the Town's policy to permit employees to accumulate earned but unused vacation, sick leave and comp time benefits up to a maximum determined by the Town personnel policy. Employees are paid 100% of their accumulated but unused leave when they retire. All vacation is accrued when incurred in the government-wide and proprietary fund financial statements and a liability is reported in the government Long-Term Liabilities

In the government-wide financial statements and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bonds payable are reported net of the unamortized portion of applicable premium, discount, or deferred amount on refunding. Bond issuance costs, including underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding are included in interest expense.

In the governmental funds financial statements, bond premiums, discounts, and issuance costs are recognized when the related debt is issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Interest and principal payments are reported as debt service expenditures.

### **Net Assets and Fund Equity**

In the government-wide financial statements and proprietary funds financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal of related debt. Net assets invested in capital assets, net of related debt does not include the unspent proceeds of

Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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capital debt. Restricted net assets represent net assets restricted by parties outside of the Town (such as creditors, grantors, contributors, laws, and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. The nonexpendable portion of permanent funds is reported as a component of restricted net assets. The Town's other restricted net assets are temporarily restricted (ultimately expendable) assets. All other net assets are considered unrestricted.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### **Use of Estimates**

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

#### **Comparative Data**

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operation. However, comparative (i.e. presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

#### **Budgetary Data**

The following procedures are used in establishing the budgetary data reflected in the financial statements. The general fund budget is presented on the modified accrual basis of accounting while the budget for the enterprise funds are presented on the accrual basis of accounting.

1. For the fiscal year beginning July 1, the Town Clerk prepares a tentative budget which is presented to the Town Council at least 7 days prior to its adoption.

2. By resolution, the Town Council legally adopts the final budget prior to June 22, after a public hearing has been held.

3. Once adopted, the budget can be amended. Reductions in appropriations can be approved by the Town Council, but increased appropriations require a public hearing to amending the budget.

4. Interim adjustments of estimated revenues and expenditures during fiscal year 2005 have been included in the final budget approved by the Town Council, as presented in the general purpose financial statements.

Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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**Restatement and Reclassification**

Certain restatements and reclassification of the June 30, 2004 amounts have been made in order to make such amounts consistent and comparable where applicable.

**NOTE 2: CASH AND INVESTMENTS**

The Town's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition for purposes of this note and the statement of cash flows.

The policy of the Town is to follow the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of Town funds in a "qualified depository." The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of financial institutions as meeting the requirements of the Act and adhering to the rules of the Utah Management Council.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the Town. Investment transactions are to be conducted through qualified depositories or primary reporting dealers. Allowable investments under the Act include:

- a. Negotiable or non-negotiable deposits of qualified depositories.
- b. Repurchase agreements with qualified depositories or primary reporting dealers.
- c. Commercial paper which is rated P-1 by Moody's Investors Services or A-1 by Standard and Poor's Inc. if the remaining term to maturity is 180 days or less.
- d. Banker's acceptances that are eligible for discount at a federal reserve bank and which have a remaining term of 180 days or less.
- e. Obligations of the United States Treasury, including bills, notes and bonds.
- f. Obligations issued by or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Farm Credit banks, Federal Home Loan banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or Student Loan Marketing Association.

Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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- g. Shares or certificates in any open-end management investment company registered with the Securities and Exchange commission under the Investment Company Act of 1940, and the portfolio of which is restricted by law or agreement to investments in which public funds may be invested directly.

The Town's carrying amount of bank deposits at June 30, 2005 is \$ 394,540 and the bank balances amounted to \$ 439,580, of which, \$63,054 was covered by Federal Depository Insurance. \$ 366,797 was uninsured and uncollateralized. Of this amount \$376,525 was on deposit with the State of Utah Public Treasurers' Investment Fund. No deposits are collateralized, nor are they required by state statute.

State law provides for combining the cash balances from the various funds as long as the General Ledger balances for each fund are maintained separately.

Cash in banks and investments in the State Treasurers fund belong to the following funds:

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Cash and cash equivalents consist of the following at fiscal year end:

Zions First National Bank	\$ 18,015
Petty Cash	50
State Treasurer's Investment Pool	<u>376,525</u>
Total	<u>\$ 394,590</u>

Deposits with the State Investment Pool of \$376,525 are carried at cost with a market value of \$376,583 and are FDIC insured to the same degree that the total State Treasurer's Pool is covered at a given date.

The Town's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, and other investments as allowed by the State of Utah's Money Management Act. All investments are stated at cost.

NOTE 3. NET INVESTMENT IN CAPITAL LEASE - LEEDS AREA SPECIAL SERVICE DISTRICT

The Town and Leed's Area Special Service District entered into a direct financing lease agreement for the lease of the Fire Department facilities constructed by the Town.

The lease term commenced in fiscal year 1999 and will end May 2027; The District pays base rentals

Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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which correspond with the debt service on the \$95,000 Lease Revenue Bonds (see Note 5); thus, the net investment is restricted.

The Town's right and interest in the facilities will be transferred to the District upon payment by the District of the then applicable purchase option price, or all the base rentals, or upon the discharge of the lien on the Indenture.

NOTE 3. NET INVESTMENT IN CAPITAL LEASE - LEEDS AREA SPECIAL SERVICE DISTRICT (CONTINUED)

The lease is considered a capital lease based on GASB's *Codification*, Section L20.119-122 and FASB's Statement 13. The following is an annual schedule of future minimum lease payments receivable:

Year Ending	<u>June 30,</u>	
	2006	6,181
	2007	6,181
	2008	6,181
	2009	6,181
	2010	6,181
	Thereafter	<u>87,958</u>
Total remaining minimum lease payments		118,863
Less: Amount representing interest:		<u>(43,639)</u>
Present value of net remaining minimum lease payments:		<u>\$ 75,224</u>

Town of Leeds  
Notes to Financial Statements  
June 30, 2005

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows

Primary Government Governmental Activities:	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	92,006	-	-	92,006
Work in progress	-	-	-	-
Total capital assets not being depreciated	<u>92,006</u>	<u>-</u>	<u>-</u>	<u>92,006</u>
Capital assets being depreciated:				
Buildings	62,211	-	-	62,211
Other Improvements	124,451	-	-	124,451
Furniture & Equipment	43,386	-	-	43,386
Infrastructure	<u>589,477</u>	<u>54,265</u>	<u>-</u>	<u>643,742</u>
Total capital assets being depreciated	<u>819,525</u>	<u>54,265</u>	<u>-</u>	<u>873,790</u>
Less accumulated depreciation for:				
Buildings	33,965	972	-	34,937
Other Improvements	25,640	6,596	-	32,236
Furniture & Equipment	7,578	4,254	-	11,832
Infrastructure	<u>570,204</u>	<u>19,498</u>	<u>-</u>	<u>589,702</u>
Total accumulated depreciation	<u>637,387</u>	<u>31,320</u>	<u>-</u>	<u>668,707</u>
Total capital assets, being depreciated, net	<u>182,138</u>	<u>22,945</u>	<u>-</u>	<u>205,083</u>
Governmental activities capital assets, net	<u>274,144</u>	<u>22,945</u>	<u>-</u>	<u>297,089</u>

NOTE 5. GENERAL LONG-TERM DEBT

**Revenue Bonds**

USDA Rural Development, Fire and Rescue Revenue Bonds,  
Series 1997, due in annual principal and interest installments  
of \$6,181, bearing interest at 5.00%, maturing May 1, 2027.

\$ 75,224

Total General Long-Term Debt

\$75,224

Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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Bond debt service requirements to maturity, including \$ 43,639 of interest are as follows:

Year ended June 30	Fire & Rescue Revenue Bonds** Principal	Interest	Total
2006	2,400	3,781	6,181
2007	2,520	3,661	6,181
2008	2,646	3,535	6,181
2009	2,778	3,403	6,181
2010	2,917	3,264	6,181
Thereafter	61,963	25,995	87,958
Totals	<u>\$ 75,224</u>	<u>\$ 43,639</u>	<u>\$118,863</u>

\*\*The Fire & Rescue Revenue bonds were issued to construct the new fire station which was donated to the Leeds Area Special Service District on January 26, 1999. The Leeds Area Special Service District has entered into a lease agreement with the Town which will provide for the debt service on these Bonds. (See Note 3)

The following is a summary of changes in long-term debt for the year ended June 30, 2005:

	Balance 7-1-04	Additions	Deletions	Balance 6-30-05
Revenue Bonds	\$ 77,866	\$ -	\$ 2,642	\$ 75,224
Note Payable	<u>0</u>	<u>-</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 77,866</u>	<u>\$ -</u>	<u>\$ 2,642</u>	<u>\$ 75,224</u>

NOTE 6. RESERVED FUND BALANCES

Reservations are used to indicate that a portion of the fund balance is not available for appropriation or expenditure, or is legally segregated for a specific future use. At June 30, 2005, the Town of Leeds reserved fund balances are as follows:

Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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**General Fund**

Safety Impact Fees	\$ 31,065
Park Impact Fees	30,381
Cemetery	13,437
Class C Road Funds	52,694
Liquor Monies	<u>0</u>
Total	<u>\$ 127,577</u>

**NOTE 7. DEFINED BENEFIT PENSION PLAN**

The Town contributes to the Local Governmental Noncontributory Retirement System, which is a cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living allowances and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 S, Salt Lake Town, UT 84102 or by calling 1-800-365-8772.

**Funding Policy**

The Town is required to contribute 11.090% of covered salaries to the noncontributory system. The contribution rates are actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The contributions made by the Town for the year ended June 30, 2005 were paid by the due dates or within 30 days thereafter. The contributions were equal to the required contributions for each year. The Town does not participate in a 457 Deferred Compensation Plan.

The required contributions and amounts received for the 2004/2005 fiscal year and the two previous



Town of Leeds  
Notes to Financial Statements  
June 30, 2005

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fiscal years are as follows:

<u>System</u>	<u>Year</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Local Governmental- Noncontributory	2005	\$ ----	\$ ----	\$ 1,324	\$ 11,940
	2004	----	----	2,301	23,917
	2003	----	----	1,786	20,550
401(k) Contributions	2005	\$ 1,216	\$ ----	N/A	
	2004	2,392	----	N/A	
	2003	1,943	----	N/A	